

Cost Allocation Subcommittee Presentation AAA Idaho - February 8, 2010

Co-chairs Kempton and Bowen, committee members, I am Dave Carlson, Director of Public and Government Affairs for AAA Idaho. I am pleased to offer our organization's perspective regarding the 2010 highway cost allocation study. We served on an advisory committee for Idaho's first such study conducted in 1993 and released in 1994. Representing motorists' interests, we urge the subcommittee to allow stakeholders to be involved in a capacity where we may interact with ITD, the study vendor and perhaps serve in a non-voting capacity with the cost allocation study subcommittee.

Credible study results will result from an objective plan, reliable data, and a reasoned and ongoing discussion among the affected parties. We believe Idaho motorists are supportive of a position we have represented to policymakers and the public, especially in recent years, namely that highway users should pay for what they use.

A HCAS is designed to determine the fair share of costs that each road user class should pay for the construction, operation, maintenance, and related costs of highways, roads and bridges. Comparing highway user payments to cost responsibilities allows us to see whether broad highway user classes are under- or over-paying their proportionate share.

As one of about a dozen Idahoans serving as a stakeholder on that first study conducted 17 years ago, we were able to meet with ITD Board Chairman Mike Mitchell, ITD economist Doug Benzon and associates from vendor SYDEC, Inc. Most of us had a pretty limited idea of what a cost allocation study is. It's easier to see now that these studies are more than an equity snapshot of our tax and funding structure. User equity is code for another term that has been around for a long time: cost responsibility.

As Governor Otter correctly notes, user pay fees and taxes are perhaps the fairest, most direct way to fund our roads and bridges. AAA agrees that user-pay fees have served us well for decades. At the heart of the user-pays principle is another well-respected notion that each subgroup should pay an equity share consistent with its use of our roads and bridges. Properly framed and judiciously used, cost allocation studies are an important tool in understanding what we have today, so policymakers can better prepare for the future.

One benefit of a properly conducted study is that Idahoans may be more likely to support increases in transportation fees and taxes if they understand they are consistent with an equity target. We may all have to pay more for roads and bridges in the future, but it's a much easier pill to swallow when we're asked to pay an equity share consistent with what we use.

The stakeholders here today can provide vantage points about the allocators or input that will be used for this study. Think of allocators as all the forms of input: the numbers of registered vehicles in all categories, the vehicle miles of travel (VMT) of various vehicle classes, the road segments where our transportation funding are currently spent, and so on. Overload the data in one area or under-represent it another, and the study can taint the equity positions of one group compared to another. Under- or over-representing the estimated maintenance and repair contributions of one group of highway users can influence the equity conclusions of the study.

For instance, how should we account for property taxes that are spent for road bridges, but that are not a true user fee? Omitting that input limits an accurate local view, but may be okay if we're looking just at the statewide system. Here's another example: Should registration fees for cars be proxied at the \$24, \$36 and \$48 fees most Idahoans pay, or should they be weighted to include the higher fees paid by motorists in Ada County? Using the lower rate could underestimate the contribution paid by car owners.

We believe the study should focus on fees collected for and used on roads. You may see the issue differently. On another topic, we think the analysis of full fee-paying carriers compared to non-Idaho apportioned carriers who use our roads demonstrates some inequities. If an Idaho-based carrier pays more per mile for the same mile used by an apportioned carrier, shouldn't we be accounting for that in some way in our tax and fee structure? The point is, where is the nexus between what we use, what we pay and how long our roads and bridges last?

Obviously, we do not know and cannot know which allocators ITD and vendor Batelle will select. That's why we think it is so important to consider some ongoing input from the stakeholders. AAA Idaho needs to be at the table to assure that a motorist perspective is not lost among the many other voices. We want to assure the study's results will reflect all the available evidence.

The evidence from prior studies conducted across the U.S. suggests that many cost allocation studies are the result of one-time requests. They collect dust and are not efficiently used by policymakers to close the gaps between equity shares of the taxes and fees paid by various user groups. Oregon is a major exception, having used the data from regularly conducted cost allocation studies going back to 1937. In 1999, Oregon voters ratified the principle of cost responsibility into the Oregon Constitution. Thanks to that effort, the revenues generated by various fees and taxes is reviewed on a biennial basis and adjusted as necessary to ensure fairness and proportionality. In effect, Oregon can use the study to set or adjust fees as part of an established policy consideration.

Perhaps as important as determining today's equity shares, the cost allocation study can help us see future funding in an enlightened way. Gas taxes are not as efficient cost allocators as they once were. Perhaps vehicle size, mileage and distance traveled will be the metrics by which we can produce a more equitable and consistent funding structure in the future. Imagine a day when we could use something like vehicle weight and miles traveled as a common metric for all vehicles.

To sum up, AAA Idaho urges the subcommittee to allow for input to this process, not limited merely to today's statements and/or a review of the study after it's assembled. AAA Idaho frequently represents Idaho motorists in proxy, because no other organization is available to do so. We thank you for the opportunity to serve the state in a way that is consistent with the Governor's task force charge to build a funding construct that meets Idaho's roads and bridges needs now and into the future.

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February 8, 2010

Bill Moad
Director Fleet Operations J.R. Simplot Company
Chairman Idaho Trucking Association

The IDAHO TRUCKING ASSOCIATION membership has pledged to support the Transportation Task Force Committee in their efforts to identify a fair and equitable solution to repairing Idaho's highway system. Our industry members are available to the Task Force Committee, at any time, to provide factual information or testimony as you continue to research options to keep Idaho's highways and bridges adequately funded for the future. Our industry is hopeful the solution will include a strategy to reduce congestion while maintaining a safe highway system that is shared by the motoring public and commercial users such as our industry members.

I will submit to the committee additional information about our industry at the end of my remarks, and want to reiterate, our willingness to be participants in this process of finding solutions to repairing Idaho's bridges and highways.

The last comment I would like to make is this: "A properly loaded truck does not damage a properly constructed and maintained highway," Our industry does not condone overloaded trucks and no one should tolerate under constructed or poorly maintain highways due to the lack of foresight and management that future generations will need to pay for.

Our hope is to be part of this solution so Idaho's industry and commerce can recover from these tough economic times and continue to prosper and grow in the future.

HANDY TRUCK LINE, INC.

Scenario #1	80,000 Lb GVW	85,000 miles	5 Axles		Dry Van
Fixed Cost at Purchase			Cost	Tax	
Excise Taxes	Tractor		\$ 105,000.00	\$ 12,600.00	
	Dry Van		\$ 27,218.00	\$ 3,066.00	
	Lifetime Trailer Registration			\$ 112.00	(annual \$22)
				<u>\$ 15,778.00</u>	
	Registration			\$ 3,360.00	
	Federal Heavy Vehicle Use Tax			\$ 550.00	
	Unified Carrier Registration			\$ 19.58	
Fuel Taxes State	5.8 MPG			\$ 3,575.86	
Fuel Taxes Federal	5.8 MPG			\$ 3,663.79	
Tire Excise Tax				\$ 77.00	
				<u>\$ 11,246.23</u>	

Scenario #2	105,500 lb. GVW	85,000 miles	7 Axles		Bulk Cement Tanks
Fixed Cost at Purchase			Cost	Tax	
Excise Taxes	Tractor		\$ 105,000.00	\$ 12,600.00	
	Semi		\$ 54,341.47	\$ 6,410.00	
	Pup Trailer		\$ 63,454.44	\$ 7,386.01	
	Lifetime Trailer Registration			\$ 224.00	(annual \$22)
				<u>\$ 26,620.01</u>	
	Registration			\$ 4,660.00	
	Federal Heavy Vehicle Use Tax			\$ 550.00	
	Extra Length Permit			\$ 53.00	
	Unified Carrier Registration			\$ 29.37	
Fuel Taxes State	4.6 MPG			\$ 4,508.69	
Fuel Taxes Federal	4.6 MPG			\$ 4,619.56	
Tire Excise Tax				\$ 108.00	
				<u>\$ 14,528.62</u>	

Additional information:

With the new emissions standards required of all new trucks, the average price is \$117,000, which also increases the amount of excise tax paid.

For a long-haul company, the average miles per truck per year is 120,000, which increases the amount of state and federal diesel taxes paid.

Because of new emissions standards for trucks, the gas mileage has decreased rather than increase.

Trucking Industry Operating Taxes

State and federal taxes imposed on the trucking industry add to the cost of doing business in the state. Trucks represent approximately 17% of all vehicle miles traveled in Idaho, but pay up to 52% of all taxes and fees for all vehicles. This equates to approximately \$182 million a year the trucking industry pays to the state of Idaho.



State Diesel Fuel Tax

Idaho collects a fuel tax of 25 cents on every gallon of diesel sold in the state. For the average five-axle truck, this totals approximately \$3,575 each year. Over \$83 million is collected annually, with most of the funds dedicated to highway construction and maintenance.

Annual State Registration and Weight Fees

The Idaho DMV collects registration fees for the motor carrier as high as \$3,800 annually on trucks operating in the state. On an average annual basis, the state collects over \$35 million from truck owners.



Trailer Registration Fees

Revenue from trailer registration fees is over \$3,187,000.

Other State Fees

In addition to the fees and taxes collected from truck owners, Idaho also collects more than \$59 million in additional other related fees.



Federal Operating Taxes

Each Idaho truck owner pays an estimated \$8,959 annually in federal taxes and fees for a typical five-axle tractor-semi-trailer combination, totaling more than \$111,806,260.

Federal Heavy Vehicle Use Tax (HVUT)

The HVUT, collected by the IRS, is a federal tax imposed on all vehicles with a gross weight of more than 55,000 pounds. Truck owners in Idaho pay up to \$550 annually for each truck.

Federal Excise Fuel Tax

The cost of diesel fuel includes a federal excise tax of 24.4 cents per gallon. For the average five-axle truck, this can total up to \$5,092 annually. The federal government collects over \$76 million in total fuel tax from Idaho truck owners yearly.

Federal Excise Tax on Tractors and Trailers

New tractor and trailer purchases are subject to a 12% federal excise tax, collected by the Idaho Department of Revenue. Idaho truck owners pay an average of \$12,600 per new tractor and \$3,066 per new trailer in excise taxes annually.

Federal Excise Tax on Tires

Federal excise taxes are levied on the sale of commercial motor vehicle tires. On average, truck owners pay \$77 per five-axle truck, totaling over \$3 million.



UCRA Fees

The UCR (Unified Carrier Registration) is a program that replaced the Single State Registration System (SSRS). The UCR Program requires individuals and companies that operate commercial motor vehicles in interstate or international commerce to register their business with a participating state and pay an annual fee based on the size of their fleet. Fees collected from the UCR system is used by the states to support its safety programs and USDOT officer training. The FMSCA is proposing a 120% increase in fees this year.

THE FEE BRACKETS ARE AS FOLLOWS:

Fleet Size Fee Per Company

0 - 2 trucks	\$39.00
3 - 5 trucks	\$116.00
6 - 20 trucks	\$231.00
21 - 100 trucks	\$806.00

Idaho Trucking Facts

Trucking Drives the Economy

- **Employment:** In 2008, the trucking industry in Idaho provided 42,255 jobs—1 out of every 15 workers. Total trucking industry wages paid in Idaho in 2008 exceeded \$1.5 billion, with an average annual trucking industry salary of \$34,592. In May 2008, the U.S. Bureau of Labor Statistics reported that truck drivers, heavy, tractor-trailer and light, delivery drivers, held 16,650 jobs with a mean annual salary of \$36,550.
- **Small Business Emphasis:** There are over 5,623 trucking companies located in Idaho, most of them small, locally owned businesses. These companies are served by a wide range of supporting businesses both large and small.
- **Transportation of Essential Products:** Trucks transported 92.2% of total manufactured tonnage in the state in 2007 or 205,230 tons per day. Over 72% of communities depend exclusively on trucks to move their goods.

Trucking Pays the Freight

- **As an Industry:** In 2007, the trucking industry in Idaho paid approximately \$293.2 million in federal and state roadway taxes and fees. The industry paid 52% of all taxes and fees owed by Idaho motorists, despite trucks representing only 16.7% of vehicle miles traveled in the state.
- **Individual Companies:** In 2009, a typical five-axle tractor-semitrailer combination paid \$8,607 in state highway user fees and taxes in addition to \$8,959 in federal user fees and taxes. These taxes were over and above the typical axes paid by businesses in Idaho.
- **Roadway Use:** In 2007, Idaho had 48,416 miles of public roads over which all motorists traveled 15.8 billion miles. Trucking's use of Idaho public roads was 2.63 billion miles in 2007.

Trucking Industry Employment and Wages in Idaho

Due to the transition of industry definitions from the U.S. Standard Industrial Classification (SIC) to the North American Industrial Classification System (NAICS), a portion of the fluctuation in labor data is a statistical anomaly rather than actual change in employment.

Year	Trucking Industry Employment	Trucking Industry Percent of State Employment	Trucking Industry Wages (\$000)	Average Weekly Trucking Industry Wages	Average Annual Trucking Industry Wages
2001	37,439	7%	\$1,070,384	\$550	\$28,590
2002	36,753	6%	\$1,072,513	\$561	\$29,182
2003	36,610	6%	\$1,082,214	\$568	\$29,561
2004	37,609	6%	\$1,159,442	\$593	\$30,829
2005	38,024	6%	\$1,222,776	\$618	\$32,158
2006	41,028	7%	\$1,387,501	\$650	\$33,818
2007	42,255	7%	\$1,461,687	\$665	\$34,592

Roadway Extent and Use in Idaho

Source: Highway Stats, U.S. Department of Transportation, Federal Highway Administration

Year	Total Miles of Public Roads	Vehicle Miles Traveled by All Vehicles (Millions)	Vehicle Miles Traveled by Trucks (Millions)	Truck Percent of All Vehicle Miles Traveled
1998	46,107	13,428	970	7%
1999	45,802	13,976	2,000	14%
2000	46,456	13,534	2,122	16%
2001	46,308	14,078	2,079	15%
2002	46,732	14,167	2,095	15%
2003	46,927	14,290	2,197	15%
2004	47,100	14,729	2,416	16%
2005	47,129	14,866	1,577	11%
2006	47,105	15,216	2,298	15%
2007	48,416	15,782	2,634	17%

Comparable or below the average of surrounding states

Source: Robert Pitcher, American Trucking Associations

Idaho's fuel taxes are within a few tenths of a cent of the national average. Its truck registration fees are very high. The average of the surrounding states is pulled up by Oregon's outrageously high weight-distance tax rate. This is how Idaho's region stacks up with respect to fuel tax, registration fees for truck and trailer, and weight-distance tax (in Oregon). I've calculated this two ways, assuming the combination traveled 50,000 miles (second column) and 120,000 miles (fourth column) in the year.

State	50,000	% of Average	120,000	% of Average
Idaho	\$5,563	116%	\$8,607	98%
Montana	\$3,575	74%	\$6,954	79%
Nevada	\$4,924	103%	\$8,211	93%
Oregon	\$7,089	148%	\$16,301	185%
Utah	\$3,952	82%	\$6,934	79%
Washington	\$5,053	105%	\$9,618	109%
Wyoming	\$3,448	72%	\$5,153	58%
Average	\$4,802		\$8,825	
Average w/o OR	\$4,421		\$7,580	

Oregon's high rate skews the regional average so strongly that I also give the regional average without Oregon. Idaho's deviations from the average are then 126% and 114%. But any such comparison will show Idaho comes out somewhat ahead of its neighbors, always excepting Oregon, which has just passed a 25% increase in truck taxes, to take effect next year.

Idaho

State and Federal Freight Motor Carrier Taxes and Fees Paid

Fuel Taxes	2000	2001	2002	2003	2004	2005	2006	2007
Federal Motor Carrier Fuel Taxes	\$61,845,551	\$62,429,956	\$63,302,596	\$65,156,120	\$67,630,338	\$69,798,380	\$73,269,915	\$76,927,260
Percent of Total Federal Fuel Taxes For State	38%	38%	39%	39%	39%	41%	41%	41%
State Motor Carrier Fuel Taxes	\$67,455,574	\$68,033,965	\$68,828,955	\$70,898,813	\$73,541,115	\$75,557,910	\$79,317,403	\$83,267,895
Percent of Total State Fuel Taxes	33%	33%	34%	34%	34%	36%	36%	36%
Total Motor Carrier Fuel Taxes Paid	\$129,301,124	\$130,463,921	\$132,131,551	\$136,054,933	\$141,171,453	\$145,356,290	\$152,587,318	\$160,195,155
Percent of Total Federal & State Fuel Taxes Paid	35%	35%	36%	36%	36%	38%	38%	38%
Registration Fees								
Truck Tractors Registered	6,233	9,996	13,193	13,741	12,904	12,258	12,270	16,354
Commercial Trailers Registered	21,092	27,838	28,994	27,227	19,253	25,891	35,793	45,251
Trucks & Truck Tractors Registration Fees	\$30,970,000	\$40,863,000	\$42,516,000	\$42,601,000	\$25,091,000	\$26,011,000	\$36,905,000	\$35,202,000
Trailer Registration Fees	\$1,966,000	\$2,239,000	\$2,082,000	\$1,904,000	\$1,755,000	\$1,981,000	\$2,450,000	\$3,187,000
Total Truck & Trailer Registration Fees	\$32,936,000	\$43,102,000	\$44,598,000	\$44,505,000	\$26,846,000	\$27,992,000	\$39,355,000	\$38,389,000
Percent of Total State Registration Fees for All Vehicles	64%	73%	72%	73%	60%	61%	68%	67%
Other Taxes & Fees:								
Other State Taxes & Fees [1]	\$46,120,000	\$39,724,000	\$30,669,000	\$45,537,000	\$50,532,000	\$52,568,000	\$55,394,000	\$59,786,000
Federal Use Tax	\$6,184,000	\$3,937,000	\$6,436,000	\$6,033,000	\$6,134,000	\$7,023,000	\$9,025,000	\$6,788,000
Federal Excise Tax on Trucks & Trailers	\$22,291,000	\$9,613,000	\$8,299,000	\$10,968,000	\$11,991,000	\$19,284,000	\$23,270,000	\$25,059,000
Federal Excise Tax on Tires	\$2,968,000	\$2,213,000	\$2,303,000	\$2,586,000	\$2,895,000	\$3,010,000	\$3,139,000	\$3,032,000
Total State & Federal Taxes & Fees	\$146,511,574	\$150,859,965	\$144,095,955	\$160,940,813	\$150,919,115	\$156,117,910	\$174,066,403	\$181,422,895
Percent of Total State Taxes & Fees for All Vehicles	48%	50%	49%	51%	48%	50%	52%	52%
Total Federal Taxes & Fees	\$93,288,551	\$78,192,956	\$80,340,596	\$84,743,120	\$88,650,338	\$99,115,380	\$108,703,915	\$111,806,260
Percent of Total Federal Taxes & Fees for All Vehicles	48%	43%	45%	45%	45%	49%	50%	50%
Total State & Federal Taxes & Fees	\$239,800,124	\$229,052,921	\$224,436,551	\$245,683,933	\$239,569,453	\$255,233,290	\$282,770,318	\$293,229,155
Percent of Total Federal & State Taxes & Fees for All Vehicles	48%	47%	47%	49%	47%	50%	51%	51%

Source: Highway Statistics . US Department of Transportation
Federal Highway Administration, Office of Highway Policy Information
1. Includes fines and penalties, estimated service charges and local collections, carrier gross receipts taxes, mileage, and ton-mile



Highway users ought to pay their fair share of highway costs, shouldn't they?

No question about it. By and large, the state and federal taxes levied on highway users in this country go to build and maintain our nation's roads. And this is as it should be: users of the roads should pay according to the costs they impose on the system.

America's roads are the finest in the world, and this fact reflects the basic soundness of our highway taxes. Since the United States is so large, and our manufacturing and distribution systems are so spread out, transportation is relatively more important to the U.S. economy. Highways are the most important part of U.S. transportation--our economy cannot be healthy without good roads.

To be good, roads must be properly designed, soundly built, and well maintained. Roads are not monuments that need to be conserved; they are economic assets that must be used as efficiently as possible, and then repaired or replaced as they wear out.

Trucks' fair share of highway taxes must be a large one. Trucks really tear up the roads.

Trucks do contribute to road wear and pavement damage; but that's not the whole story by any means. Let's look at what highway engineers know about how roads deteriorate, which, I might say, is a complicated subject that's not fully understood.

Nearly all pavement damage starts with water. Water seeps into or under a road and weakens it, makes it start to come apart. Road design has a lot to do with how quickly that happens to a highway, but traffic has little or nothing to do with it. We can build roads that are more or less impervious to water, and these will last indefinitely, whatever the amount of traffic they bear. On the other hand, you've seen abandoned stretches of highway, without any traffic at all, that fall apart within a few years just from exposure to the weather.

Surely traffic contributes something to highway wear?

Yes, it does, often quite a lot; but the point is that, at least with most kinds of highway damage, traffic will only hasten or aggravate damage that water has already begun.

Well, if roads deteriorate in part from the weather and in part from traffic, how can you figure out what road costs different kinds of traffic should bear?

That's the big question, and there are various answers to it, which correspond to the various theories of what's termed "highway cost allocation." I might emphasize that that's all these are--just theories. We don't fully understand how roads wear out, and we understand much less about what various classes of vehicles contribute to the process.

It seems fair that all users should pay an equal share of what might be called a "basic road," the right of way, grading, road foundations, and enough pavement to bear the lightest traffic--passenger cars, ordinarily. Each successively heavier class of traffic, from lighter trucks on through heavier, requires successively thicker pavements, and each class should pay its share of what it requires in a road, but not what is required by a class that requires a sturdier pavement.

This is, in its outlines, what is called the "incremental method" of highway cost allocation. This theory provides a rational and consistent way to allocate road costs, and it was used successfully for many years by both the federal and by state governments. The Interstate System of highways was funded using the incremental method.

Do heavier vehicles cause a road to wear out more quickly?

No, not necessarily, for a couple of reasons. First, as I said before, most kinds of road damage don't start as the result of traffic at all--water is the culprit. The exception to this is where a road is under-designed or poorly built, and cannot physically handle the traffic it bears.

Second, once a road starts to deteriorate, the weight of the traffic does become a factor, but it is axle weights, and not gross vehicle weights that make the difference. This is because, clearly, the only part of a vehicle that touches the road is its wheels. The stress that the wheels transmit to the road depends on the number of axles a vehicle has.

Generally speaking, the more axles a vehicle's weight is spread over, the less stress it puts on pavement. Thus a three-axle dump truck weighing 60,000 pounds causes a lot more pavement stress than an 80,000-pound tractor-semitrailer combination with five axles.

Heavier axle weights, then, can increase road wear?

That's correct, at least when we're talking about a road that's already softened up, so to speak, by the action of the weather. Once a road has those weak spots, then heavier axle weights can cause more damage faster than lower axle weights. This is particularly true when road maintenance is delayed: traffic causes pavement that it already damaged to wear out much more rapidly.

How about the number of vehicles that travel on a road--does that have much to do with pavement wear?

You bet--and that's one of the major reasons some of our Interstate Highway System is in such bad shape today. When these roads were planned, 20 or even 30 years ago, the federal government had them designed according to estimates of how many heavy vehicles would be passing over them. These estimates turned out to be very low indeed, because of the flourishing American economy, and many of these roads have worn out.

Considering the traffic they were obliged to bear, the Interstate highways have done very well. But clearly, if you have a highway system that's worth using, it will sooner or later need repairing--and that's the situation today. Just because the roads need fixing doesn't mean the highway tax system is defective too.

Once a road has been built, wouldn't it be fair to charge highway taxes according to what kinds of vehicles cause it to deteriorate?

No, although this is a popular argument with the railroads and with some officials in transportation agencies. It's so popular, in fact, that it has a name: this is the "consumption method" of highway cost allocation. It was adopted by the Federal Highway Administration in its 1982 federal highway cost allocation study.

The consumption method isn't equitable because it ignores the fact that traffic alone does not wear roads out (always excepting the case where a road is made to bear vehicles heavier than those for which it was designed). Road damage almost always begins with that external factor--water--and water will cause a road to wear out whether it bears traffic or not.

It would not be fair to make heavier vehicles--trucks--bear all the maintenance costs associated with both the initial weakening of a road by water and then its subsequent damage by the passage of traffic. The cost of the initial damage should clearly be borne by all highway users, just as they paid for the "basic" highway when it was built. Beyond that, vehicles with

increasingly heavy axle weights should bear their share of the damage attributable to the action of traffic.

You'll see that the "consumption method" involves a good deal of double taxation for heavy vehicles. They'll be asked to pay for building a road and then again for maintaining it after the weather takes a hand.

How do you figure out what a vehicle's proper share is?

Basically, it's guesswork, too often influenced by politics. We just don't know enough about how roads go to pieces to allocate highway costs very exactly. But we're apt to have strong feelings about higher taxes, both for ourselves and for other people.

Don't a lot of studies show that trucks aren't paying their fair share?

No, no study shows that. A lot of studies have concluded that they're not, but that's a far cry from showing it.

Highway cost allocation studies, which are conducted by one or two states every year and periodically also by the federal government, are primarily political exercises designed to support political conclusions about whether a jurisdiction's highway tax system ought to be changed. We are still very far from being able to scientifically show what classes of vehicles should bear what proportions of highway costs.

Haven't I heard, that one truck causes 9600 times more damage to pavement than a single car?

Yes, you probably have--the railroads have trumpeted that figure as loudly as they can--but it is not too much to say that this number represents a lie. Let me tell you where it comes from.

Back in the 1960s, the predecessor of today's Federal Highway Administration joined with the highway departments of the states in a series of road tests designed to show how roads wear out. The tests bear the name of the American Association of State Highway Officials, and are known collectively as the AASHO Road Test.

The test results were very inconclusive, both because the only test roads that showed substantial deterioration were those that had been purposely under-designed, and because the computers of the '60s weren't capable of analyzing the raw data. Still, there were some indications from the AASHO test about how engineers ought to design a highway to bear up under the stress of various kinds of traffic.

From this and other more theoretical work, there were developed some rules of thumb on how thick pavements should be to handle different loads. (They used a standard measurement of weight called an ESAL, which stands for "equivalent single axle load," and is 18,000 pounds.) The engineers of the day concluded that in a properly designed road, pavement strength should probably increase exponentially with the axle weights of the vehicles expected to use the road (the number of ESALs), in order to be able to handle heavier traffic adequately.

Using this theory, which was developed for purposes of highway design, the railroads have derived the 9600-to-1 ratio, which they claim has something to do with highway damage. It doesn't. It has a nice ring to it, and an air of scientific plausibility and exactness, but it's a lie just the same.

I'm getting a little confused. Is all this engineering stuff really relevant?

No, it's really not. It's a tactic the railroads--and some others--use to cover their political tracks. They use it to try to show that our basic highway tax system is seriously out of whack--enough to justify a more general imposition of weight-distance taxes on heavy trucks.

In reality, of course, our highway tax system works real well. Look at all the roads we've built with it--that alone should tell you it's an efficient system for raising money.

Clearly, too, American business long ago decided to ship their freight by truck rather than train. The economics of it just made more sense. Why should government second-guess the marketplace? We know that doesn't work too well--look at Eastern Europe!

Just how much do trucks pay now in highway taxes?

A very large share of them. Heavy trucks (that's commercial trucks other than pick-ups and light vans) accounted for something under 7% of the highway miles traveled in this country in 1988, but they accounted for over 25% of the state and federal highway taxes collected, well over \$11 billion.

Those taxes, even where no weight-distance taxes are in effect, are geared to a vehicle's weight and to the distance it travels, thus approximating the costs heavier vehicles impose on the road system.

It's also true that heavy trucks travel a much greater proportion of the time than other vehicles on primary roads like the Interstate Highway System. Trucks pay a very large portion indeed of the costs of these most vital highways.

Are you saying we're really not doing too badly at allocating highway costs?

That's right, and it's good thing, too, if weight-distance taxes are to be the alternative to the current method.

In taxation, there's always a trade-off between more exact equity among taxpayers and a more cumbersome and inefficient tax system. A tax that's full of special provisions for special taxpayers is harder for government to collect and harder for taxpayers to comply with.

Weight-distance taxes are unusual taxes in that they fail on both counts. They can't be made equitable, though they may look like it on the surface of things; and they're extremely burdensome both to administer and to comply with.

Maybe weight-distance taxes aren't fair, but roads cost a lot. Better trucks should pay for them than car-drivers like me!

Don't fool yourself, friend. Everything you use comes by truck. If it gets more expensive to ship by truck, only the railroads benefit--life gets more expensive for everybody else.

On the surface, it looks good to a lot of people to raise the taxes on trucks, perhaps especially trucks from some other state, but taxes are just another cost of business that gets passed on in the price the consumer pays. A weight-distance tax on trucks just represents an indirect subsidy--from all of us--to the railroads, who decided long ago that they'd rather not compete in the open marketplace.

How about the argument that highway users ought to pay not just for the roads but for such things as pollution, congestion, and other "external costs" that are involved in road use?

This is a new argument from the railroads. They're hoping, you see, that people will notice that trucks contribute to pollution, congestion, and the like, and will therefore be interested in a way of making trucks pay more.

At the same time, they're hoping that people won't notice a couple of other things. First--that if trucks are asked to pay more for these nebulous (but presumably enormous) costs, then cars should be too. Second--that the highway tax system, while it does a good job of raising road money, was never designed to pay for these "external costs," which are not only quite impossible to allocate but are costs that involve larger social problems that the highway user community just should not be expected to solve.